

AUG 21 2012

Gerardo C. Rios, Chief Permits Office Air Division U.S. EPA - Region IX 75 Hawthorne St San Francisco, CA 94105

Final - Authority to Construct / Certificate of Conformity (Minor Mod) Re:

Project # S-1121142

Dear Mr. Rios:

The Air Pollution Control Officer has issued an Authority to Construct (S-1135-127-19) with a Certificate of Conformity to Aera Energy LLC. The project is to update equipment description and permit conditions by removing references to equipment that are no longer connected to the subject unit.

Enclosed is a copy of the Authority to Construct. The application and proposal were sent to US EPA Region IX on 6/25/2012. No comments were received following the District's preliminary decision on this project.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Leonard Scandura, Permit Services Manager, at (661) 392-5500.

Sincerely,

Director of Permit Services

Enclosures

dg

Executive Director/Air Pollution Control Officer



AUG 21 2012

Mr. Robert Beebout Aera Energy LLC P.O. Box 11164 Bakersfield, CA 93389-1164

Final - Authority to Construct / Certificate of Conformity (Minor Mod)

Project # S-1121142

Dear Mr. Beebout:

The Air Pollution Control Officer has issued an Authority to Construct (S-1135-127-19) with a Certificate of Conformity to Aera Energy LLC. The project is to update equipment description and permit conditions by removing references to equipment that are no longer connected to the subject unit.

Enclosed is the Authority to Construct and invoice. The application and proposal were sent to US EPA Region IX on 6/25/2012. No comments were received following the District's preliminary decision on this project.

Prior to operating with modifications authorized by the Authority to Construct, you must submit an application to modify the Title V permit as an administrative amendment in accordance with District Rule 2520, Section 11.5.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Leonard Scandura, Permit Services Manager, at (661) 392-5500.

Sincerely,

Director of Permit Services

Enclosures

dg





AUTHORITY TO CONSTRUCT

PERMIT NO: S-1135-127-19 ISSUANCE DATE: 08/21/2012

LEGAL OWNER OR OPERATOR: AERA ENERGY LLC

MAILING ADDRESS: PO BOX 11164

BAKERSFIELD, CA 93389-1164

LOCATION: HEAVY OIL WESTERN STATIONARY SOURCE

MIDWAY-SUNSET KERN COUNTY, CA

SECTION: NE27 TOWNSHIP: 31S RANGE: 22E

EQUIPMENT DESCRIPTION:

MODIFICATION OF THERMALLY ENHANCED OIL RECOVERY (TEOR) OPERATION INCLUDING ONE TRANSPORTABLE FIN FAN COOLER AND ASSOCIATED PIPING SERVING 383 STEAM ENHANCED WELL VENTS (MAXWELL LEASE) CONNECTED TO TANK VAPOR CONTROL SYSTEM S-1135-118, COLLECTED VAPORS PIPED FROM VAPOR CONTROL COMPRESSOR SKIDS EITHER TO INJECTION COMPRESSORS FOR RE-INJECTION TO DOGGR WELLS, TO STEAM GENERATORS S-1135-9 AND '-10 FOR INCINERATION, OR CONTAINED WITHIN THE BALANCED CASING GAS COLLECTION SYSTEM (CGCS): UPDATE EQUIPMENT DESCRIPTION BY REMOVING REFERENCES TO TANK VAPOR CONTROL SYSTEM S-1135-118 AND STEAM GENERATORS S-1135-9 AND '-10 FOR INCINERATION, AND UPDATE OR REMOVE UNNECESSARY OUTDATED PERMIT CONDITIONS

CONDITIONS

- 1. This Authority to Construct serves as a written certificate of conformity with the procedural requirements of 40 CFR 70.7 and 70.8 and with the compliance requirements of 40 CFR 70.6(c). [District Rule 2201] Federally Enforceable Through Title V Permit
- 2. Prior to operating with modifications authorized by this Authority to Construct, the facility shall submit an application to modify the Title V permit with an administrative amendment in accordance with District Rule 2520 Section 5.3.4. [District Rule 2520, 5.3.4] Federally Enforceable Through Title V Permit
- 3. Fin fan cooler may be transported to and installed at any vapor skid within the casing vent vapor collection system. [District Rule NSR] Federally Enforceable Through Title V Permit
- 4. The crude oil production from wells associated with this permit unit shall not lie within 1000 feet of an air injection well used for in-situ combustion. [District Rule 4407, 2.0, 3.4, and 3.5] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

YOU MUST NOTIFY THE DISTRICT COMPLIANCE DIVISION AT (661) 392-5500 WHEN CONSTRUCTION IS COMPLETED AND PRIOR TO OPERATING THE EQUIPMENT OR MODIFICATIONS AUTHORIZED BY THIS AUTHORITY TO CONSTRUCT. This is NOT a PERMIT TO OPERATE. Approval or denial of a PERMIT TO OPERATE will be made after an inspection to verify that the equipment has been constructed in accordance with the approved plans, specifications and conditions of this Authority to Construct, and to determine if the equipment can be operated in compliance with all Rules and Regulations of the San Joaquin Valley Unified Air Pollution Control District. Unless construction has commenced pursuant to Rule 2050, this Authority to Construct shall expire and application shall be cancelled two years from the date of issuance. The applicant is responsible for complying with all laws, ordinances and regulations of all other governmental agencies which may pertain to the above equipment.

Seyed Sadredin, Executive Director / APCO

DAVID WARNER, Director of Permit Services

§5-1136-127-19: Aug 21 2012 9:08AM – GOUGHD: Joint Inspection NOT Required

- 5. During the time any steam-enhanced crude oil production well is undergoing service or repair while the well is not producing, it shall be exempt from the emission control requirements of District Rule 4401, 5.0 (as amended January 15, 1998). [District Rule 4401, 4.1] Federally Enforceable Through Title V Permit
- 6. All required source testing shall conform to the compliance testing procedures described in District Rule 1081(as amended December 16, 1993). [District Rule 1081 and Kern County Rule, 108.1] Federally Enforceable Through Title V Permit
- 7. Compliance with permit conditions in the Title V permit shall be deemed compliance with the following requirements: Kern County Rule, 108.1. A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit
- 8. Compliance with permit conditions in the Title V permit shall be deemed compliance with SJVUAPCD Rule 4401 (Amended January 15, 1998), excluding sections 5.1 and 5.2 for control systems which have been waived from complying with the requirement of section 6.2.1. A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit
- 9. The crude oil production wells associated with this unit do not have production enhanced by in-situ combustion. Therefore, the requirements of SJVUAPCD Rule 4407 (Adopted May 19, 1994) do not apply to this permit unit. A permit shield is granted from this requirement. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit
- 10. Operation shall include noncondensible vapor piping from vapor recovery skids to balanced system and re-injection compressors. [District NSR Rule] Federally Enforceable Through Title V Permit
- 11. Operation shall include vapor control equipment which consists of miscellaneous knockout vessels & liquid removal pumps, condensate tanks, heat exchangers, gas coolers, vapor compressors, and piping to disposal devices. [District NSR Rule] Federally Enforceable Through Title V Permit
- 12. Piping to re-injection system shall include re-injection knock out vessels, interstage coolers & gas/liquid separators, injection gas compressors and liquid transfer pumps, as needed. [District NSR Rule] Federally Enforceable Through Title V Permit
- 13. TEOR gas injected into formation shall only be performed using DOGGR approved disposal wells. [District Rule 2080] Federally Enforceable Through Title V Permit
- 14. Permittee shall cease injecting vapors and notify the District immediately if DOGGR disposal approval is revoked, denied, terminated, surrendered or altered to disallow injection. [District Rule 2080] Federally Enforceable Through Title V Permit
- 15. A listing of all steam enhanced wells connected to this system shall be submitted to the District at least 60 days prior to the permit anniversary date. [District NSR Rule] Federally Enforceable Through Title V Permit
- 16. Vapor collection piping TEOR, shall be contained in a balanced CGCS or collected at VR skid(s) and piped to DOGGR approved disposal wells. [District NSR Rule] Federally Enforceable Through Title V Permit
- 17. TEOR vapors not re-injected to the formation shall be contained within a balanced casing vent collection system, or well casing vents shall be closed and produced fluids shall be handled only in controlled production equipment.

 [District NSR Rule] Federally Enforceable Through Title V Permit
- 18. All wells producing from strata steamed by this unit shall be connected to a District-approved emissions control system or have District-approved closed casing vents. [District NSR Rule] Federally Enforceable Through Title V Permit
- 19. All produced fluids from any well served by vapor collection system which has had casing gas flow restricted or casing vent closed shall be handled only in closed and vapor controlled production equipment. [District NSR Rule] Federally Enforceable Through Title V Permit
- 20. Permittee shall maintain accurate component count for TEOR operation according to CAPCOA's "California Implementation Guidelines for Estimating Mass Emissions of Fugitive Hydrocarbon Leaks at Petroleum Facilities," Table IV-2c (Feb 1999), Screening Value Range emission factors. Permittee shall update such records when new components are installed. [District NSR Rule]

- 21. Fugitive emissions from all components (except those operating under negative pressure at all times) in gas service including polish rods associated with this TEOR operation shall not exceed 140.1 lb VOC/ day. [District NSR Rule]
- 22. The fugitive emissions component inspection and reinspection requirements of Section 5.4.1 through Section 5.4.7 of this rule shall not apply to components exclusively handling gas/vapor or liquid with a VOC content of ten percent by weight or less (£10 wt.%), as determined by the test methods in Section 6.3.4. [District Rule 4401] Federally Enforceable Through Title V Permit
- 23. During the time any steam-enhanced crude oil production well is undergoing service or repair while the well is not producing, it shall be exempt from the requirements of District Rule 4401. [District Rule 4401, 4.1] Federally Enforceable Through Title V Permit
- 24. The uncontrolled VOC emissions from any well vent shall be reduced by at least 99 percent by weight or, if several steam-enhanced crude oil production well vents are connected to a vapor collection and control system, total uncontrolled VOC emissions shall be reduced by at least 99 percent. [District Rule 4401, 5.1 and 5.2] Federally Enforceable Through Title V Permit
- 25. An operator shall not operate a steam-enhanced crude oil production well unless either of the following two conditions are met: 1) The steam-enhanced crude oil production well vent is closed and the front line production equipment downstream of the wells that carry produced fluids is connected to a VOC collection and control system as defined in Section 3.0 of this Rule or 2) the steam-enhanced crude oil production well vent is open and the well vent is connected to a VOC collection and control system as defined in Section 3.0. [District Rule 4401, 5.5.1 and 5.5.2] Federally Enforceable Through Title V Permit
- 26. There shall be no open-ended line or a valve located at the end of the line that is not sealed with a blind flange, plug, cap, or a second closed valve that is not closed at all times, except during attended operations requiring process fluid flow through the open-ended lines. Attended operations include draining or degassing operations, connection of temporary process equipment, sampling of process streams, emergency venting, and other normal operational needs, provided such operations are done as expeditiously as possible and with minimal spillage of material and VOC emissions to the atmosphere. [District Rule 4401, 5.2.2.1] Federally Enforceable Through Title V Permit
- 27. There shall be no components with a major liquid leak as defined in Section 3.20.2 of Rule 4401. [District Rule 4401, 5.2.2.2] Federally Enforceable Through Title V Permit
- 28. There shall be no components with a gas leak of greater than 50,000 ppmv. [District Rule 4401, 5.2.2.3] Federally Enforceable Through Title V Permit
- 29. An operator shall be in violation of this rule if any District inspection demonstrates or if any operator inspection conducted pursuant to Section 5.4 of Rule 4401 demonstrates the existence of any combination of components with minor liquid leaks, minor gas leaks, or gas leaks greater than 10,000 ppmv up to 50,000 ppmv that totals more than number of leaks allowed by Table 2 of Rule 4401. [District Rule 4401, 5.2] Federally Enforceable Through Title V Permit
- 30. No leaking components (as defined in Section 5.2.2 of Rule 4401) may be used unless they have been identified with a tag for repair, are repaired, or awaiting re-inspection after being repaired within the applicable time frame specified in Section 5.5. [District Rule 4401, 5.7.1] Federally Enforceable Through Title V Permit
- 31. The operator shall comply with the requirements of Section 6.7 if there is any change in the description of major components or critical components. [District Rule 4401, 5.3.3] Federally Enforceable Through Title V Permit
- 32. Unless otherwise specified in Section 5.4, an operator shall perform all component inspections and gas leak measurements pursuant to the requirements of Section 6.3.3. [District Rule 4401, 5.4] Federally Enforceable Through Title V Permit
- 33. Except for pipes and unsafe-to-monitor components, an operator shall inspect all other components pursuant to the requirements of Section 6.3.3 at least once every year. [District Rule 4401, 5.4.1] Federally Enforceable Through Title V Permit
- 34. An operator shall visually inspect all pipes at least once every year. Any visual inspection of pipes that indicates a leak that cannot be immediately repaired to meet the leak standards of this rule shall be inspected within 24 hours after detecting the leak. If a leak is found, the leak shall be repaired as soon as practicable but not later than the time frame specified in Table 3 of this Rule. [District Rule 4401, 5.4.2] Federally Enforceable Through Title V Permit

- 35. An operator shall inspect for leaks all accessible operating pumps, compressors, and PRDs in service as follows: 1) An operator shall audio-visually (by hearing and by sight) inspect for leaks all accessible operating pumps, compressors, and PRDs in service at least once each calendar week. 2) Any audio-visual inspection of an accessible operating pump, compressor, and PRD performed by an operator that indicates a leak that cannot be immediately repaired to meet the leak standards of this rule shall be inspected not later than 24 hours after conducting the audio-visual inspection. If a leak is found, the leak shall be repaired as soon as practicable but not later than the time frame specified in Table 3 of this Rule. [District Rule 4401, 5.4.3] Federally Enforceable Through Title V Permit
- 36. The operator shall also perform the following inspections: 1) An operator shall initially inspect a PRD that releases to the atmosphere as soon as practicable but not later than 24 hours after the discovery of the release. An operator shall re-inspect the PRD not earlier than 24 hours after the initial inspection but not later than 15 calendar days after the initial inspection. 2) An operator shall inspect all new, replaced, or repaired fittings, flanges, and threaded connections within 72 hours of placing the component in service, and 3) Except for PRDs subject to the requirements of Section 5.4.4.1 of this Rule, an operator shall inspect a component that has been repaired or replaced not later than 15 calendar days after the component was repaired or replaced. [District Rule 4401, 5.4.4] Federally Enforceable Through Title V Permit
- 37. Components located in unsafe areas shall be inspected and repaired at the next process unit turnaround and inaccessible components shall be inspected at least annually. [District Rule 4401, 5.4.7] Federally Enforceable Through Title V Permit
- 38. A District inspection in no way fulfills any of the mandatory inspection requirements that are placed upon operators and cannot be used or counted as an inspection required of an operator. [District Rule 4401, 5.4.8] Federally Enforceable Through Title V Permit
- 39. Upon detection of a leak, an operator shall affix a readily visible weatherproof tag to that leaking component that includes the following information: 1) The date and time of leak detection; 2) The date and time of the leak measurement; 3) For a gaseous leak, the leak concentration in ppmv; 4) For a liquid leak, whether it is a major or minor liquid leak; and 5) Whether the component is an essential component, and unsafe-to-monitor component, or a critical component. [District Rule 4401, 5.5.1] Federally Enforceable Through Title V Permit
- 40. The tag shall remain affixed to the leaky component until all the following requirements are met: 1) The component is repaired or replaced, 2) The component is re-inspected as set forth in Section 6.3, and 3) The component is found to be in compliance with this Rule. [District Rule 4401, 5.5.2] Federally Enforceable Through Title V Permit
- 41. An operator shall minimize a component leak in order to stop or reduce leakage to the atmosphere immediately to the extent possible, but not later than one (1) hour after detection of the leak. [District Rule 4401, 5.5.3] Federally Enforceable Through Title V Permit
- 42. Except for leaking critical components or leaking essential components subject to the requirements of Section 5.9.7, if an operator has minimized a leak but the leak still exceeds the applicable leak limits as defined in Section 3.0, an operator shall comply with at least one of the following three requirements as soon as practicable but not later than the time period specified in Table3: 1) Repair or replace the leaking component, 2) Vent the leaking component to a VOC collection and control system as defined in Section 3.0, or 3) Remove the leaking component from operation. [District Rule 4401, 5.5.4] Federally Enforceable Through Title V Permit
- 43. The repair period in calendar days shall not exceed 14 days for minor gas leaks, 5 days for major gas leaks less than or equal to 50,000 ppmv, 2 days for gas leak greater than 50,000 ppmv, 3 days for minor liquid leaks, 2 days for major liquid leaks, [District Rule 4401, 5.5.4] Federally Enforceable Through Title V Permit
- 44. The leak rate measured after leak minimization has been performed shall be the leak rate used to determine the applicable repair period specified in Table 3. [District Rule 4401, 5.5.5] Federally Enforceable Through Title V Permit
- 45. The time of the initial leak detection shall be the start of the repair period specified in Table 3. [District Rule 4401, 5.5.6] Federally Enforceable Through Title V Permit
- 46. If the leaking component is an essential component or a critical component that cannot be immediately shut down for repairs, and if the leak has been minimized but the leak still exceeds the applicable leak standard of this rule, the operator shall repair or replace the essential component or critical component to eliminate the leak during the next process unit turnaround, but in no case later than one year from the date of the original leak detection, whichever comes earlier. [District Rule 4401, 5.5.7] Federally Enforceable Through Title V Permit

- 47. The operator of any steam-enhanced crude oil production well shall maintain records of the date and well identification where steam injection or well stimulation occurs. [District Rule 4401, 6.1.1] Federally Enforceable Through Title V Permit
- 48. An operator of any steam-enhanced crude oil production well shall keep source test records which demonstrate compliance with the control efficiency requirements of the VOC collection and control system as defined in Section 3.0 of Rule 4401. [District Rule 4401, 6.1.3] Federally Enforceable Through Title V Permit
- 49. The operator of any steam-enhanced crude oil production well shall maintain an inspection log pursuant to Section 6.4 of Rule 4401. [District Rule 4401, 6.1.4] Federally Enforceable Through Title V Permit
- 50. Records shall be maintained of each calibration of the portable hydrocarbon detection instrument utilized for inspecting components, including a copy of current calibration gas certification from the vendor of said calibration gas cylinder, the date of calibration, concentration of calibration gas, instrument reading of calibration gas before adjustment, instrument reading of calibration gas after adjustment, calibration gas expiration date, and calibration gas cylinder pressure at the time of calibration [District Rule 4401, 6.1.5] Federally Enforceable Through Title V Permit
- 51. An operator shall maintain copies at the facility of the training records of the training program operated pursuant to Section 6.5 of Rule 4401. [District Rule 4401, 6.1.6] Federally Enforceable Through Title V Permit
- 52. An operator shall source test annually all vapor collection and control systems used to control emissions from steam-enhanced crude oil production well vents to determine the control efficiency of the device(s) used for destruction or removal of VOC. Compliance testing shall be performed annually by source testers certified by ARB. Testing shall be performed during June, July, August, or September of each year if the system's control efficiency is dependent upon ambient air temperature. [District Rule 44011, 6.2.1] Federally Enforceable Through Title V Permit
- 53. If approved by EPA, ARB, and the APCO, an operator need not comply with the annual testing requirement of Section 6.2.1 if all uncondensed VOC emissions collected by a vapor collection and control system are incinerated in fuel burning equipment, an internal combustion engine or in a smokeless flare. [District Rule 4401, 6.2.2] Federally Enforceable Through Title V Permit
- 54. The control efficiency of any VOC control device, measured and calculated as carbon, shall be determined by EPA Method 25, except when the outlet concentration must be below 50 ppm in order to meet the standard, in which case EPA Method 25a may be used. EPA Method 18 may be used in lieu of EPA Method 25 or EPA Method 25a provided the identity and approximate concentrations of the analytes/compounds in the sample gas stream are known before analysis with the gas chromatograph and the gas chromatograph is calibrated for each of those known analyte/compound to ensure that the VOC concentrations are neither under- or over-reported. [District Rule 4401, 6.3.1] Federally Enforceable Through Title V Permit
- 55. VOC content shall be analyzed by using the latest revision of ASTM Method E168, E169, or E260 as applicable. Analysis of halogenated exempt compounds shall be performed by using ARB Method 432. [District Rule 4401, 6.3.2] Federally Enforceable Through Title V Permit
- 56. Leak inspection, other than audio-visual, and measurements of gaseous leak concentrations shall be conducted according to EPA Method 21 using an appropriate portable hydrocarbon detection instrument calibrated with methane. The instrument shall be calibrated in accordance with the procedures specified in EPA Method 21 or the manufacturer's instruction, as appropriate, not more than 30 days prior to its use. The operator shall record the calibration date of the instrument. Where safety is a concern, such as measuring leaks from compressor seals or pump seals when the shaft is rotating, a person shall measure leaks by placing the instrument probe inlet at a distance of one (1) centimeter or less from the surface of the component interface. [District Rule 4401, 6.3.3] Federally Enforceable Through Title V Permit
- 57. The VOC content by weight percent (wt.%) shall be determined using American Society of Testing and Materials (ASTM) D1945 for gases and South Coast Air Quality Management District (SCAQMD) Method 304-91 or the latest revision of ASTM Method E168, E169 or E260 for liquids. [District Rule 4401, 6.3.4] Federally Enforceable Through Title V Permit

- 58. The operator shall maintain an inspection log in which the operator records at least all of the following for each inspection performed: 1) The total number of components inspected, and the total number and percentage of leaking components found by component type, 2) The location, type and name or description of each leaking component and description of any unit where the leaking component is found, 3) The date of leak detection and the method of leak detection, 4) For gaseous leaks, the leak concentration in ppmv and, for liquids leaks, whether the leak is major or minor, 5) The date of repair, replacement or removal from operation of leaking components, 6) The identity and location of essential components and critical components as defined in this Rule, found leaking, that cannot be repaired until the next process unit turnaround or not later than one year after leak detection, whichever comes earlier, 7) The methods used to minimize the leak from essential components and critical components found leaking that cannot be repaired until the next process unit turnaround or not later than 1 year after detection, whichever comes earlier, 8) The date or re-inspection and the leak concentration in ppmv after the component is repaired or replaced, 9) The inspectors name, business mailing address, and business telephone number, and 10) The date and signature of the facility operator responsible for the inspection and repair program certifying the accuracy of the information recorded in the log. [District Rule 4401, 6.4] Federally Enforceable Through Title V Permit
- 59. The operator shall establish and implement an employee training program for inspecting and repairing components and recordkeeping procedures as necessary. [District Rule 4401, 6.5] Federally Enforceable Through Title V Permit
- 60. By January 30 of each year, an operator shall submit to the APCO for approval, in writing, an annual report indicating any changes to an existing Operator Management Plan. [District Rule 4401, 6.7] Federally Enforceable Through Title V Permit
- 61. All records of required monitoring data and support information shall be maintained for a period of at least five years and shall be made readily available for District inspection upon request. [District Rules 2520, 9.4.2 and 4401, 6.1] Federally Enforceable Through Title V Permit
- 62. Records shall be kept of DOGGR injection well(s) utilized and volume of vapors injected. Records shall be made readily available to the District upon request. [District Rule 1070] Federally Enforceable Through Title V Permit